

No. 11,806

IN THE

United States Circuit Court of Appeals

For the Ninth Circuit

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SAFEWAY STORES, INCORPORATED,  
a Corporation,

*Appellant,*

vs.

WARREN W. DUNNELL,

*Appellee.*

APPELLANT'S OPENING BRIEF.

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WARREN W. DUNNELL,

*Appellant,*

*Appellee.*

## APPELLANT'S OPENING BRIEF.

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### STATEMENT OF JURISDICTION.

The jurisdiction of the trial Court of the appellee's complaint in this action to compel the Patent Commissioner to register a trademark after denial by him of appellee's application for registration thereof, was founded upon the Federal Trademark Act, 15 U.S.C. § 81 et seq. (Tr. 2-10). ~~Section~~ 15 U.S.C., § 89, provides that "if an applicant for registration of a trade mark . . . is dissatisfied with the decision of the Commissioner of Patents . . . he may appeal to the United States Court of Customs and Patent Appeals, on complying with the conditions required in case of an appeal from the decision of the

Commissioner by an applicant for patent . . . , and the same rules of practice and procedure shall govern in every stage of such proceedings as far as the same may be applicable.” R.S. § 4915 (35 U.S.C., § 63, specifically applicable to patent appeals) provides that “whenever a patent on application is denied, the applicant, unless appeal has been taken to the United States Court of Customs and Patent Appeals, . . . may have remedy by a bill in equity.”<sup>1</sup>

The jurisdiction of the trial Court of the counter-claim (Tr. 18-24) was founded upon Rule 13(a), Federal Rules of Civil Procedure and 28 U.S.C., Sec. 723, pursuant to which they were adopted.

The jurisdiction of this Court on appeal arises from Section 128 of the Judicial Code, 28 U.S.C., Sec. 225, which grants jurisdiction to review “final decisions” in the district Courts. The judgment appealed from (Tr. 49-50) was made and entered June 18, 1947. The notice of appeal (Tr. 50-51) was filed with the Clerk of the District Court on September 15, 1947, which was within the time allowed by 28 U.S.C., Sec. 230.

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### STATEMENT OF THE CASE.

In 1942 appellee, Warren W. Dunnell, applied to the Patent Commissioner under the Federal Trade-mark Act (15 U.S.C., § 81, et seq.) for registration of

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<sup>1</sup>It has been held that by reason of 15 U.S.C. § 89 this remedy by bill in equity is also applicable to trademark proceedings. *American Steel Foundries v. Robertson*, 262 U. S. 209, 67 L. Ed. 953, 43 S. Ct. 541; *U. S. ex rel. Baldwin Co. v. Robertson*, 265 U. S. 168, 68 L. Ed. 962, 44 S. Ct. 508.

the name "SAFE WAY" as a trademark for paper toilet seat covers (Tr. 188). Appellant, Safeway Stores, Incorporated, opposed the application (Tr. 193) and, after the taking of evidence, both the Examiner and, on appeal, the Assistant Commissioner (69 U.S.P.Q. 204, 36 T.M. Rep. 140, 169 M-S 13) sustained appellant's opposition.<sup>2</sup> Their decisions were grounded on Section 85 of the Act, and cases construing it, prohibiting registration of a trademark so resembling another's name or mark as to be likely to cause public confusion or mistake. They found that the name "Safeway" designates appellant, Safeway Stores, Incorporated, in the mind of the public; that appellee Dunnell's toilet seat covers are similar to toilet tissue, paper towels, sanitary napkins, paper cups and other products dealt in in large quantities by appellant and that, therefore, there was a likelihood of confusion.

Thereafter, in 1946, appellee Dunnell brought this suit under 35 U.S.C., § 63 in the District Court for the Northern District of California, Southern Division, for a decree requiring the Patent Commissioner to register the name "Safe Way" as a trademark for appellee's paper toilet seat covers (Tr. 2). Appellant, Safeway Stores, Incorporated, answered, denying appellee's right to registration of the distinguishing part of appellant's name as a trademark for toilet seat covers, and by way of counterclaim appellant sought to enjoin appellee from infringing upon ap-

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<sup>2</sup>The opinions of the Examiner and of the Assistant Commissioner are set forth in the appendix to this brief.

pellant's right in its trade-name "Safeway" by using the name in connection with appellee's toilet seat covers (Tr. 10). After the trial in the District Court, in which the main evidence consisted of the Patent Office record, the Court (Judge Goodman) filed an opinion deciding in favor of appellee Durnell on his complaint and against appellant Safeway Stores, Incorporated (Tr. 35) upon its counterclaim. Conceding that the name "Safeway" means to the public appellant Safeway Stores, Incorporated, he, nevertheless, decided, in diametric opposition to the decisions in the Patent Office, that there was no relationship between appellant's products (paper toilet tissue, paper sanitary napkins, paper towels, paper cups, paper napkins, and numerous other grocery and household products) and appellee's product (paper toilet seat covers) (Tr. 35-38); and that there was no likelihood of confusion. Findings of Fact and Conclusions of Law (Tr. 39-49) and Judgment (Tr. 49-50) were entered accordingly.

The fundamental questions involved on the appeal are whether the trial Court erred (1) in disregarding and overruling the decisions in the Patent Office denying registration of the name "Safe Way" as a trademark for paper toilet seat covers, and (2) in denying injunctive relief to appellant on its counterclaim.

**SPECIFICATION OF ERRORS.**

1. The Court erred in failing to find in accordance with the findings and decisions in the Patent Office.

2. The Court erred in finding that appellee's toilet seat covers "are not sold at all" (Tr. 41).

3. The Court erred in finding that appellee's toilet seat covers "are not of the same descriptive properties" as the "paper products as toilet tissue and paper towels" of appellant (Tr. 42).

4. The Court erred in finding that "no one ever confused the source of manufacture, distribution or sponsorship of plaintiff [appellee] Dunnell's said product (or any other seat cover whatsoever) as being by defendant [appellant] in this action" (Tr. 43).

5. The Court erred in finding that "there is no evidence that plaintiff [appellee] ever traded on any reputation of defendant [appellant]" and that appellant always marked his "products" "with the source of manufacture, 'Sani-Gard . . . Company'" (Tr. 44).

6. The Court erred in finding that "plaintiff's [appellee's] reputation in the sale of toilet seat covers under said trademark and under his own fictitious name, 'Sani-Gard . . . Company' . . . is conclusively proven by sales aggregating 172,725,000 toilet seat covers" (Tr. 44).

7. The Court erred in finding that "there is no evidence . . . to support any allegation or inference of damage to defendant [appellant], of unfair competi-

tion by plaintiff [appellee] with any activities of defendant [appellant];” and in finding that “the evidence shows conclusively that defendant [appellant] has not been damaged by any use by plaintiff [appellee] of his said trademark as so applied and cannot in the future be damaged by granting the prayer of the complaint . . .” (Tr. 45).

8. The Court erred in finding that the mark of appellee “refers to a method of use and is not a name descriptive of the article itself” (Tr. 45).

9. The Court erred in finding that “there is not the slightest relationship between the merchandise of the defendant [appellant] and the kind of sanitary service provided by plaintiff [appellee]” and that “not by the wildest stretch of imagination could a person using plaintiff’s [appellee’s] seat covers in a public lavatory, be confused at all into believing that by such use he was purchasing defendant’s [appellant’s] merchandise” (Tr. 45-46).

10. The Court erred in finding that “there is and has been no ‘unfairness’ in appellant’s conduct . . . to warrant application of the ‘noncompetitive goods’ doctrine” and in finding that “any relationship between groceries of defendant’s [appellant’s] retail stores is extremely remote from the sanitary service by plaintiff [appellee] supplied to laboratories” (Tr. 46).

11. The Court erred in concluding that appellant “has not been damaged, as asserted in its counterclaim, and cannot be damaged in the future, by any act of plaintiff [appellee] in the use of his said trademark so applied” and that appellant cannot “be dam-



aged by the authorization of this Court to the Patent Office to grant registration of his trademark as prayed in the complaint" (Tr. 47).

12. The Court erred in concluding that appellee "became the owner of said trademark 'Safe Way' as so applied, under the common law by adoption and use in October 1933, and since said date he has not abandoned the use of said mark and is still the owner thereof" (Tr. 47).

13. The Court erred in concluding that "the extensive use of the name 'Safeway' by individuals, corporations or concerns other than defendant [appellant] in this action in their corporate or business names, and such extensive use of said mark as a trade-mark as shown by many registrations of it prior to the time defendant [appellant] in this action acquired title to the stores of its alleged subsidiary corporations (in which it owned stock prior to acquirement of title) should bar defendant [appellant] from opposing applicant's [appellee's] registration and warrant the grant of the relief prayed in the complaint" (Tr. 47).

14. The Court erred in concluding that "the circumstances (even if true, but not shown by the evidence and not proven or capable of inference from the evidence) that the registration of plaintiff's [appellee's] mark will cause confusion and mislead the public into belief that applicant's [appellee's] goods are manufactured by or sponsored by defendant [appellant] in this action, and that such would damage defendant [appellant], is not damage of the

character contemplated by statute, and the prayer for authorization of this court of registration of plaintiff's [appellee's] mark must be granted, since toilet seat covers and grocery items are not goods of the same descriptive properties" (Tr. 48).

15. The Court erred in concluding that "toilet seat covers, under the law, are not of the same descriptive properties as grocery items sold by defendant [appellant], such as paper towels or toilet tissues" (Tr. 48).

16. The Court erred in entering judgment authorizing and directing the Commissioner of Patents to grant the registration (Tr. 49).

17. The Court erred in denying appellant injunctive relief on its counterclaim.

18. The judgment is contrary to law.

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#### **SUMMARY OF ARGUMENT.**

Since 1926 appellant has been engaged under the name "Safeway" in the manufacture and distribution of foods and household supplies, including the distribution of large quantities of paper products such as paper toilet tissue, sanitary napkins, facial tissue, paper cups, paper towels and paper napkins. Appellant has conducted a continuous and costly advertising and promotional campaign through this entire period, utilizing its 2300 stores scattered throughout the country, and such advertising media as newspapers, magazines, billboards, car cards, price tags, gummed



tapes, receipts, invoices, paper bags, display cards, radio. Annual advertising expenditures have approximated four million dollars. As a result the name "Safeway" has become synonymous with appellant, "Safeway Stores, Incorporated".

In 1933, seven years after appellant's first use of the name, appellee adopted the name as a trade-mark for paper toilet seat covers manufactured and distributed by him. He has used and is using the names "Safe Way" alone, with a pictorial representation of a seat cover and without any name or writing to indicate the source.

Registration of the name "Safe Way" as a trade-mark for appellee's seat covers and appellee's continued use of such a mark would entail a reasonable likelihood of public confusion, as found and decided by the patent officers, because the name "Safeway" designates appellant in the minds of the public, and because appellee's paper toilet seat covers and business are similar to the toilet tissue, sanitary napkins, paper towels, facial tissue, paper cups and paper napkins dealt in by appellant. All are small, disposable paper products used as aids to personal hygiene and sanitation distributed in part in retail stores and in part through public lavatory facilities. Under these circumstances, and absent clear and convincing evidence to the contrary, of which there was none, the district judge was bound by the decisions of the Patent Office, an expert administrative tribunal.

Independently of the Patent Office decisions, the district judge erred in determining that there was no

likelihood of confusion between appellee's business and product and appellant's business and product.

Public confusion being likely, trade mark registration should be denied, and appellee should be enjoined from using the name "Safe Way."

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## ARGUMENT.

### THE EVIDENCE.

#### **Appellant's business.**

Since 1926 appellant has been engaged in the manufacture and distribution of foods and household supplies under the name "Safeway" (Tr. 42, 79). Appellant handles in its stores—in addition to a complete line of foods and groceries—large quantities of paper products including paper toilet tissue, sanitary napkins, facial tissue, paper cups, paper towels and paper napkins, and also a variety of other products as diverse as razor blades and oyster pails (Tr. 42, 81).<sup>3</sup>

Its business is wide and comprehensive in functions performed and areas served, as well as in kinds of goods and household products handled. Thus it manufactures, distributes and retails food and household

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<sup>3</sup>"The retail stores handle the usual grocery items, such as canned goods, coffee and tea, tobacco and tobacco products, and candy, dried foods, dairy products, eggs, beverages, produce, meat, poultry, as well as a number of household items which are generally as follows:

"Light globes, matches, paraffine wax, brooms, clothespins, floor waxes, furniture polishes, glass cleaners, insecticides, metal polishes, shoe polishes, toothpicks, brushes, mops, oyster pails, paper trays, razor blades, shopping bags, and paper products, such as drinking cups, paper bags, paper napkins, paper towels, facial tissue, toilet tissue, wax paper and sanitary napkins." (Tr. 81.)

products in approximately 2300 stores in 19 western states and 4 eastern states and the District of Columbia (Tr. 42, 128).<sup>4</sup> In 1946 appellant's sales of toilet tissue aggregated \$389,000 in southern California alone (Tr. 132).

#### **Appellant's name and reputation.**

The name "Safeway" alone and without the words "Stores" and "Incorporated" is prominently displayed by appellant in signs on its stores, in newspaper, magazine, outdoor billboard and car card advertisements, price tags, gummed tape, cash register receipts, invoices, paper bags, display cards and other forms of advertising (Tr. 82-85, 236-237, 239-242). A typical example of appellant's store signs is shown in the reproduction of Patent Office Exhibit 6<sup>5</sup> on the following page.

The name "Safeway" alone has also been extensively advertised by appellant in radio broadcasts (Tr. 85-91, 239). Appellant expends approximately \$4,000,000 per year advertising the name (Tr. 133-134, 238-239).

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<sup>4</sup>The manufacturing and distribution businesses include the slaughtering of meat and packing of meat products, the processing or packing of shell eggs and frozen egg products, the processing of fresh fish to frozen form, the packing of canned meal, the processing and packing of poultry, roasting and packing of coffee, and the packing of tea, the packing of produce, the manufacture of bakery products, the manufacture of crackers, gelatin desserts powders, the processing of butter, the processing and bottling of fluid milk, cream, cheese and other dairy products; the manufacture and bottling of soft drinks; the canning of fruits and vegetables, the manufacture of salad dressings, peanut butter, and food flavorings, syrups, and manufacture of candy bars (Tr. 82-83).

<sup>5</sup>Appellee introduced the patent office record in evidence (District Court Exhibits 1, 2, 3 and 4). In view of the voluminous character thereof, this Court ordered that only portions thereof be printed, but that the entire record would be considered on the appeal.



Appellant's sales in its retail stores under the name "Safeway" aggregate in excess of one-half billion dollars per year (Tr. 128, 132) and in the communities served by it, its stores regularly serve approximately sixty (60) per cent of the public (Tr. 137).

In addition to its use of "Safeway" as a trade name, appellant sells certain of its more important products, notably vegetables and many of its meats, under the mark or name "Safeway" (Tr. 247-250, Pat. Off. Rec. Selby dep. Exs. 11-41). These exhibits show that appellant advertises its meats and vegetables as "Safeway Meats and Vegetables." It does not use the name "Safeway" as a brand name or mark on its paper products, but they are, of course, sold under the name "Safeway" in the "Safeway" stores.

By reason of appellant's extensive business and its use and advertising of the name "Safeway," that name has come to mean appellant in the public mind; that is, the name "Safeway" means to the public "Safeway Stores, Incorporated" a large manufacturing, distributing and retailing enterprise dealing in groceries and household products, including toilet tissue and a wide variety of other paper products (Tr. 42, 91, 104).<sup>6</sup> For example, in Los Angeles County alone, where appellant operates about 200 stores, to 90% of the population, or 3,300,000 people, the name "Safeway" means appellant even when not used in relation to the grocery business (Tr. 109).

**Appellee's business and use of the name "Safeway".**

In 1933, long after appellant's widespread use of the name "Safeway," appellee Dunnell commenced manufacturing paper toilet seat covers in Los Angeles (Tr. 74, 152). He sells them principally to building maintenance concerns for distribution, in California and other Western States, to the general public in public toilets (Tr. 340-342). He uses the name "Safe Way" on toilet seat cover dispensing cabinets (Ex. V) and on cartons and advertising materials (Exs. O, P, Q, R, S) but not on the covers themselves (Tr. 156). These dispensing cabinets are installed in toilet stalls and on them the name "Safe Way" appears alone, together with a pictorial representation of a seat cover, and without any name or writing to indicate the source (Tr. 156, Ex. V). In some of appellee Dunnell's advertising the words

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<sup>6</sup>The statement "I am with Safeway" means to the public "I am employed by Safeway Stores, Incorporated" (Tr. 91).



Obviously, toilet seat covers are suitable for store sale, not only to tourists and travelers, but to boarding houses, guest houses, farms and other establishments where the toilet facilities are used by persons not members of the same family. These users and purchasers of seat covers are members of the general public who also patronize appellant and regularly purchase its goods, including toilet tissue, paper towels, sanitary napkins, paper napkins, razor blades and the many other products handled by it. Such persons know appellant as "Safeway," they know that stores like appellant sell paper products including *paper toilet seat covers*.

In fact, appellant has not yet added toilet seat covers to the products handled by it. However, it is appellant's policy constantly to add new items to those theretofore handled as justified by demand (Tr. 251-252). The toilet seat cover business is now in its infancy and the use and acceptance of the product will undoubtedly grow tremendously (Tr. 159). The toilet seat cover industry is today in the position that the paper towel industry was a generation ago when, as the Court judicially knows, cloth towels or no towels, were the rule in rest rooms.

#### **Appellee's bad faith.**

Finally, the evidence shows that appellee is seeking to take advantage of the reputation that appellant has developed by its business practices. Thus, although appellee denied knowledge of the existence of appellant in 1933 when appellee first used the name in Los Angeles (Tr. 141), on the presentation of evidence of

the existence in 1933 of 320 stores located at prominent points in the business and residential areas of Los Angeles, all designated as Safeway Stores (Tr. 139-142), his counsel admitted that in 1933 he knew of appellant (Tr. 140). Obviously, appellee did know and adopted the name knowing of its value and repute.

Also relevant is the circumstance that although in this proceeding appellee has maintained that his products, paper toilet seat covers, are not suitable for over-the-counter sale in stores, even to the point of denying that he ever attempted to sell them for such purpose (Tr. 343, 369-370), the record shows conclusively that he advertised for sale over the counter (Exs. O, P, Q, R, S), and that paper toilet seat covers are so sold is conclusively established by the uncontradicted testimony of Mr. Crebbs, a competing manufacturer (Tr. 158-159).

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#### THE LAW.

1. THE DISTRICT JUDGE ERRED IN DISREGARDING THE PATENT OFFICE FINDINGS AND IN OVERRULING THE PATENT OFFICE DECISIONS.
- a. Effect to be given to findings and decisions in the Patent Office.

Both the Examiner of Interferences of the Patent Office and, on appeal, the First Assistant Commissioner of the Patent Office found and decided that confusion of persons and reputations is reasonably likely to result from appellee's registration and use of the name "Safe Way," because (1) the name "Safe Way" designates appellant in the minds of the public,

and (2) the goods dealt in by appellant (including paper toilet tissue, paper sanitary napkins, paper facial tissue, paper cups, paper towels and paper napkins) and appellee (paper toilet seat covers) are of a similar nature and of the same descriptive properties.

Clearly, as recounted above in the Statements of the Case and of the Evidence, and as emphasized below (point 1. b.), there was substantial evidence before the District Court to support the Patent Office determinations of likelihood of public confusion. This evidence is, in the main, undisputed. Nor is there dispute that the applicable legal test is likelihood of public confusion.

Under these circumstances it is established that the decision in the Patent Office must be accepted as controlling. The rule is that that decision on a question such as that here presented—whether confusion of the public is reasonably likely—is final unless the contrary is established by evidence which in character and amount carries thorough conviction. If there is substantial evidence to support the Patent Office decisions they must be affirmed. *American Steel Foundries v. Robertson*, 262 U. S. 209, 67 L. Ed. 953, 46 S. Ct. 541 (1923); *Morgan v. Daniels*, 153 U. S. 120, 14 S. Ct. 772, 38 L. Ed. 657 (1894); *Century Distilling Co. v. Continental Distilling Co.*, 106 F. (2d) 486, 489, C. C. A. 3 (1939); *Yale Electric Corporation v. Robertson*, 26 F. (2d) 972, 973, C. C. A. 2 (1928); *Loughran v. Quaker City Chocolate and Confectionery Co.*, 296 F. 822, C. C. A. 3 (1924); *Solventol Chemical Products v. Langfield*, 41 F. Supp. 877 E. D. Mich. (1941).



This rule as to the effect to be given to the decision of the Patent Office was involved in the leading case of *Morgan v. Daniels*, supra. There, as here, the Supreme Court was faced with conflicting determinations by the Patent Office and by the lower Court. It accepted the Patent Office decision, holding that since the question was doubtful, i.e., one on which reasonable men could disagree, the decision of the Patent Office must control. The Court stated in part:

“ . . . An examination of the opinions filed by these different officers indicates that by each of them the matter was carefully considered. Evidently, therefore, the question as to which was the prior inventor is not free from doubt. What, then, is the rule which should control the court in the determination of this case?

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“Upon principle and authority, therefore, it must be laid down as a rule that, where the question decided in the patent office is one between contesting parties as to priority of invention, the decision there made must be accepted as controlling upon that question of fact in any subsequent suit between the same parties, unless the contrary is established by testimony which in character and amount carries thorough conviction. Tested by that rule, the solution of this controversy is not difficult. Indeed, the variety of opinion expressed by the different officers who have examined this testimony is persuasive that the question of priority is doubtful, and, if doubtful, the decision of the patent office must control.” (14 S. Ct. at 773 and 774.)

This rule has frequently been applied where the question was as to likelihood of confusion. So, in our case, even if there is doubt as to likelihood of confusion of members of the public regarding the source of appellee's paper toilet seat covers and appellant's toilet tissue, paper towels and other paper products, the resolution of that doubt by the Patent Office must govern.

*American Steel Foundries v. Robertson*, *supra*, is directly in point. There, as here, the question, as stated by the Supreme Court, was whether registration as a trademark of the word "Simplex" which constituted the name of another corporation would be "calculated to deceive or confuse the public to the injury of the corporation to which the name belongs" (46 S. Ct. at 162). There, too, in the course of the litigation, the Commissioner and the lower Court had disagreed, and the Supreme Court stated:

"Primarily the power and duty rests with the Commissioner of Patents to determine the question in each case, in the exercise of an instructed judgment upon a consideration of all the pertinent facts.

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"... we agree with the Commissioner, and not with the court." (46 S. Ct. at 163).

Again, in the famous case of *Yale Electric Corporation v. Robertson*, *supra*, also involving the question of likelihood of confusion, Mr. Justice Learned Hand stated the rule as follows at page 973:

"As the case came up, he [the District Judge] was, and we are, required to accept the findings

of the Patent Office on such an issue of fact, unless the evidence to the contrary is altogether convincing, *Morgan v. Daniels*, 153 U. S. 120, 125, 14 S. Ct. 772 (38 L. Ed. 657), for the new evidence was not of a kind to change the result."

In *Kislyn Corporation v. Eastman Kodak Co.*, 43 F. Supp. 552 (1942), the Court states at p. 553:

"The decision of the Patent Office is presumptively correct, and the presumption may be overcome only by clear and convincing proof of palpable error. [Cases cited] A careful examination of the record fails to reveal such error; in fact, it is the opinion of the Court that the decision of the Patent Office was amply supported by the evidence."

All the reasons advanced generally in favor of the doctrine of administrative finality apply to the decisions of the Patent Commissioner in a trademark registration proceeding such as this. "... the Examiner of Trademark Interferences and . . . the Commissioner of Patents (are) experts in the field of trademark practice . . ." *Empire Crafts Corporation v. National Silver Co.*, 55 F. Supp. 1020 (1945). The language of the Supreme Court in *Dobson v. Commissioner*, 320 U. S. 489, 498-499, 64 S. Ct. 239, 245, 88 L. Ed. 248, 254 (1943), relative to the Tax Court may be aptly paraphrased here: The Patent Office is independent and its neutrality is not clouded by prosecuting duties. Its procedures assure fair hearings. Its deliberations are evidenced by careful opinions (see appendix). All guides to judgment available to judges are habitually consulted and re-

spected. It has established a tradition of freedom from bias and pressures. It deals with a subject that is highly specialized and complex. It is relatively better staffed for its task than is the judiciary. Its members not infrequently bring to their task long legislative or administrative experience in their subject. The volume of matters flowing through the Patent Office keeps its staff abreast of changes, informed as to the background of controversies, and aware of the impact of their decisions on both public and litigants. Individual cases are disposed of wholly on records publicly made, in adversary proceedings.

The doctrine of administrative finality is one of especial vitality today and is held applicable to judicial review of a constantly increasing category of administrative determinations. It should not be discarded here. *Cardillo v. Liberty Mutual Ins. Co.*, 330 U. S. 469, 67 S. Ct. 801, 806-807, 91 L. Ed. 743, 748-749 (1947); *Rochester Telephone Corp. v. U. S.*, 307 U. S. 125, 139, 83 L. Ed. 1147, 1157-8, 59 S. Ct. 754 (1939); *Reconstruction Finance Corp. v. Bankers Trust Co.*, 318 U. S. 163, 63 S. Ct. 515, 518, 87 L. Ed. 680 (1943); *Dobson v. Commissioner*, 320 U. S. 489, 498, 64 S. Ct. 239, 88 L. Ed. 248 (1943); *Swayne & Hoyt v. United States*, 300 U. S. 297, 304, 57 S. Ct. 478, 481, 81 L. Ed. 659 (1937); *Mississippi Valley Barge Line Co. v. United States*, 292 U. S. 282, 286, 54 S. Ct. 692, 693, 694, 78 L. Ed. 1260 (1934); *Gray v. Powell*, 314 U. S. 402, 412, 62 S. Ct. 326, 332, 86 L. Ed. 301 (1941); *Helvering v. Clifford*, 309 U. S. 331, 336, 60 S. Ct. 554, 557, 84 L. Ed. 788 (1940); *United States v.*

*Louisville & N. R. Co.*, 235 U. S. 314, 320, 35 S. Ct. 113-114, 59 L. Ed. 245 (1914); *Wilmington Trust Co. v. Helvering*, 316 U. S. 164, 168, 62 S. Ct. 984, 986, 86 L. Ed. 1352 (1942).

Thus the question is not whether there is support in the evidence for Judge Goodman's decision. Rather it is whether the evidence shows clearly and convincingly that the Patent Office decisions were wrong or, otherwise stated, whether there is substantial evidence to support the Patent Office decisions.

b. **There was substantial evidence before the district judge to support the Patent Office decisions.**

That the evidence before the District Judge supported (if, indeed, it did not compel) a finding like that in the Patent Office that confusion of the public is likely, appears from each of the following undeniable and uncontroverted circumstances:

(1) **Secondary meaning of name "Safeway".**

The name "Safeway" designates appellant and its business in the minds of the public; the District Judge joined the Patent Office in so finding (Tr. 36, 42).

(2) **Similarity of product.**

Appellee's paper toilet seat covers are similar to appellant's products in each of the following particulars:

(a) Like toilet tissue, paper towels, paper cups, sanitary napkins and facial tissue; paper toilet seat covers constitute a small disposable paper product used as an aid to personal hygiene and sanitation (See samples included in Ex. V).



(b) Like toilet tissue, paper towels and paper cups; paper toilet seat covers are commonly supplied to the public gratis in public lavatories as a sanitary service; and the District Judge found that they were so supplied (Tr. 43).

(c) Like toilet tissue, paper towels, paper cups, sanitary napkins and facial tissue; paper toilet seat covers are dispensed from a container or cabinet to the general public; and the District Judge found that they were so dispensed (Tr. 42).

(d) Like toilet tissue, paper towels, paper cups, sanitary napkins and facial tissue (albeit on a lesser scale); paper toilet seat covers are sold in stores to the general public (Tr. 158-159).<sup>8</sup>

(e) Toilet tissue and paper towels are frequently used by the public as substitutes for toilet seat covers. Thus appellee states in his advertising literature as one of the "Practical Reasons" for installation of toilet seat covers in public lavatories: "Save toilet tissue and towels, \* \* \*." (Ex. O).

### (3) Similarity of business.

Both appellant and appellee are engaged in the manufacture as well as the distribution of merchandise to the general public, appellant through self-service stores and appellee through self-service dispensing cabinets.

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<sup>8</sup>Although the District Judge did not so find it is clearly shown by the uncontradicted evidence (Tr.. 158-159).

Thus there are striking points of similarity in product and business. These, together with the general public understanding that "Safeway" designates appellant, require, under the rule of *Morgan v. Daniels*, supra, 153 U. S. 120, 14 S. Ct. 772, 38 L. Ed. 657 (1894), the sustaining of the Patent Office determinations that confusion of source is likely and the denial of registration. At most "the question is doubtful . . . and the decision of the Patent Office must control" *id.* 14 S. Ct. at 774.

c. The circumstances emphasized by the district judge do not dispel the facts supporting the Patent Office finding of likelihood of confusion.

(1) Dissimilarity in method of distribution.

In finding that there is "not the slightest relationship" of product or business (Tr. 37-38) and no possibility of confusion, the District Judge argued, first, that the public obtains the "Safe Way" paper product of appellee Dunnell as part of a gratuitous sanitary service in public lavatories, whereas, it buys appellant's paper products in the latter's retail stores. There is nothing in this dissimilarity in method of distribution to dispel the likelihood of confusion. Members of the public, particularly in these days of horizontal and vertical business integration, might well think that the "Safe Way" seat covers had been acquired by the public lavatory from appellant.<sup>9</sup> More likely, knowing appellant as "Safeway,"

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<sup>9</sup>In the *Stork* case C.C.A. 9 (1948) 2/18/48, 165 F. (2d) ....., this Court held that "mere geographical distance does not obviate the danger of confusion". By parity of reasoning, mere difference in commercial function performed does not obviate the danger of confusion.

a member of the public, without query, would simply associate the "Safe Way" product with appellant. "The law is not made for the protection of experts, but for the public—that vast multitude which includes the ignorant, the unthinking, and the credulous, who . . . do not stop to analyze but are governed by appearances and general impressions." *Florence Mfg. Co. v. J. C. Dowd & Co.*, C. C. A. 2 (1910), 178 F. 73, 75; see, also, *Stork Restaurant, Inc. v. N. Sahati, et al.*, C. C. A. 9, Feb. 18, 1948, 165 F. (2d) ..... Plainly, this dissimilarity in method of distribution emphasized by the District Judge does not dispel the likelihood of public confusion.

(2) Descriptiveness of use of name.

Secondly, the District Judge emphasized, as negating likelihood of confusion, that "the mark of plaintiff [appellee] . . . refers to a method of use and is not a name descriptive of the article itself" (Tr. 37). Whether "Safe Way" as applied to appellee's products, refers to a method of use or whether it is descriptive of the article, seems wholly immaterial. The material fact is that appellee seeks, by registration of the name "Safe Way" to acquire the right under the Federal Trademark Act to use it as a trademark, i.e., "to identify his goods and distinguish them from those manufactured or sold by others." 15 U. S. C. § 1127. "According to historical development, economic trends and habits of consumers, the trade mark functions as an indication of ownership, as a guarantee and as an advertisement." 2 *Callman, Unfair Competition and Trade Marks*, p. 804. Appellee



is seeking by this litigation an adjudication that he is entitled to use the name as a trademark for his product. The use of the term "Safe Way" as such a trade mark will inevitably have the effect of giving his product the name "Safe Way." There is no issue on the question as to appellee's right to use the words "Safe" and "Way" to describe his product or its method of use. Appellant does not seek to arrogate these words to itself. It simply seeks to prevent the use of them by another in such manner as to cause public confusion. The Federal Trademark Act expressly provides that in such a situation registration will not be permitted.

d. The evidence in the District Court was not substantially different from that in the Patent Office.

Relevant is the circumstance that appellee Dunnell introduced in the District Court (in addition to the Patent Office Record which he introduced in its entirety (Exs. 1, 2, 3, 4)) no evidence tending to defeat the foregoing. His evidence, which covers but ten pages of the record (Tr. 66-74) is to the effect simply that respondent has no knowledge of confusion or mistake (Tr. 66); that he sells only to customers of the character of building maintenance supply companies (Tr. 67); that he has a good reputation (Tr. 67-69); that appellant does not sell seat covers (Tr. 70); that appellant had never complained to appellee (Tr. 70); that appellant had notice of appellee's use (Tr. 70-72);<sup>10</sup> that appellee is dissatisfied with the Patent Office decisions, has not appealed to the Court of Cus-

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<sup>10</sup>The Court did not so find.

toms and Patent Appeals and elected to proceed in the District Court (Tr. 72); that he will suffer damage if he cannot register the mark (Tr. 73); that he has invested \$20,000 in his business (Tr. 73, 74) and that he manufactures his covers (Tr. 74). Appellant produced additional evidence (Tr. 78-184) tending in the main to show the character of the businesses of appellant and appellee and the meaning to the public of the name "Safeway" as appellant.

It is apparent that the evidence contains no basis for a reversal of the Patent Office finding of a likelihood of confusion. Certainly there was no "palpable error" in the Patent Office decisions and the District Court should have followed them.

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2. THE DISTRICT JUDGE ERRED, INDEPENDENTLY OF HIS FAILURE TO FOLLOW THE PATENT OFFICE DECISIONS, IN DECREERING REGISTRATION OF THE NAME "SAFE WAY" AS A TRADE MARK FOR APPELLEE'S TOILET SEAT COVERS.

Apart from the Patent Office decisions and the weight to be accorded them, the record shows conclusively that appellant's use of the name "Safe Way" is calculated to confuse the public. There is no dispute relative to the facts developed above showing likelihood of confusion. These points were determined not only in the Patent Office but also by the District Judge. He found that "Safeway" means appellant, Safeway Stores, Incorporated, to the public (Tr. 42) and that appellant deals in paper products, including paper toilet tissue, sanitary napkins, facial tissue,

paper cups, paper towels and paper napkins (id.). These findings show the likelihood of confusion if appellee is permitted to mark his closely related paper seat covers as "Safe Way." They will now be considered in the light of the Trademark Act and the cases decided under it.

**a. There is likelihood of confusion within the meaning of the Trademark Act.**

The so-called name clause of the Federal Trademark Act provides, in part, that "no mark which consists merely in the name of an individual, firm, corporation or association not written, printed, impressed, or woven in some particular or distinctive manner . . . shall be registered . . ." 15 U.S.C. § 85). The application of this provision to a case such as ours in which only a portion—"Safe Way"—of the corporate name—"Safeway Stores, Incorporated"—is sought to be registered as a trademark is set forth in *American Steel Foundries v. Robertson*, supra, 269 U. S. 372, 70 L. Ed. 317, 46 S. Ct. 160 (1926). In that case, there was involved the right to register as a trademark the name "Simplex" which was part of the name of the opposer corporation. The Court stated the applicable rule as follows: ". . . where less than the whole name has been appropriated, the right of registration will turn upon whether it appears that such partial appropriation is of such character and extent that, under the facts of the particular case, it is calculated to deceive or confuse the public to the injury of the corporation to which the name belongs". 269 U. S. at 382.

This rule the Court recognized was simply the application of "those established principles in respect of the appropriation of corporate names" that have been developed by equity as part of the doctrine of unfair competition. 162 U. S. 380-382.

The rule of the *Simpler* case has been applied many times since to preclude registration of a portion of a corporation's name when there was a likelihood of confusion of the public. *Radio Corporation of America v. Rayon Corporation of America*, 139 F. (2d) 833, C.C.P.A. 1943; *Duro Pump & Mfg. Co. v. California Cedar Products Co.*, 11 F. (2d) 205, App. D. C. 1926; *Feldman v. Amos and Andy*, 68 F. (2d) 746, C.C.P.A. 1934; *Yale Electric Corporation v. Robertson*, 26 F. (2d) 972, C.C.A. 2, 1928; *Kroll Bros. Co. v. Rolls-Royce*, 126 F. (2d) 495, C.C.P.A. 1942; *Safeway Stores, Incorporated v. Safeway Opticians, Inc.*, 68 U.S.P.Q. 332, Pat. Comm. 1946; *Beechnut Cereal Co. v. Beech-Nut Packing Co.*, 273 F. 367, App. D. C. 1921; *Holly Molding Devices v. Esquire, Inc.*, 148 F. (2d) 355, C.C.P.A. 1945.

In *Radio Corporation of America v. Rayon Corp. of America*, 139 F. (2d) 833, C.C.P.A. 1943, *supra*, "R. C. A. Fabric" was denied registration as a trademark for cloth on the opposition of Radio Corporation of America. There was no actual competition and, in fact, there was little, if any, relationship between the business of Radio Corporation of America and the cloth sought to be trademarked by the Rayon Corporation of America. Yet the Court pointed out that cloth and radio were both used in the home and

emphasized that the name "R. C. A." had acquired a general meaning as designating Radio Corporation of America, and so the dissimilarity of product was not controlling. In our case, too, both products are used in the lavatory, and appellant is generally known as "Safeway" to the public (Tr. 36, 42).

In *Duro Pump & Mfg. Co. v. California Cedar Products Co.*, 11 F. (2d) 205, App. D. C. 1926, "*Duro*" as a trademark for wallboard, was denied registration on the opposition of the Duro Company, manufacturers of water pumps and related equipment. The Court said, in part:

"In the present case, when the California Cedar Products Company adopted the word 'Duro' as its trademark, that word had 'become so identified with the particular corporation' (the Duro Company) that, whenever used, it designated to the mind 'that particular corporation.' While the descriptive properties of the products of the two companies are technically different, both are used in residences, and under the evidence, we are constrained to the view that their concurrent use would tend to confusion of the identity of the Duro Company."

In the recent case of *Holly Molding Devices v. Esquire, Inc.*, 148 F. (2d) 355, C.C.P.A. 1945, "*Esquire*" as a trademark for hamburger molding machines was denied registration on the opposition of Esquire, Inc., the publisher of the well known magazine. Patently, there was not the slightest similarity or competition between the magazine and the hamburger machine, not even sold to the general public.



However, the name "Esquire", like "Safeway", had become so identified with a particular enterprise in the public mind that confusion could result, and relief was granted.

Other cases are to the same effect: *Feldman v. Amos and Andy*, 68 F. (2d) 746, C.C.P.A. 1934 ("Amos 'N Andy" as trademark for work shirts denied registration on opposition of radio entertainment firm of "Amos and Andy"); *Yale Electric Corporation v. Robertson*, 26 F. (2d) 972, C.C.A. 2, 1928 ("Yale" as trademark for flashlights and batteries denied registration on opposition of Yale & Towne Manufacturing Co., a manufacturer of locks); *Kroll Bros. Co. v. Rolls-Royce*, 126 F. (2d) 495, C.C.P.A. 1942 ("Kroll's Royce" as trademark for baby buggies denied registration on opposition of Rolls Royce Company); *Safeway Stores, Incorporated v. Safeway Opticians, Inc.*, 68 U.S.P.Q. 332, Pat. Comm. 1946 ("Safeway" as trademark for eyeglasses denied registration on opposition of Safeway Stores, Incorporated); *Beechnut Cereal Co. v. Beech-Nut Packing Co.*, 273 F. 367, App. D. C. 1921 ("Beechnut" as trademark for cereal denied registration on opposition of Beech-Nut Packing Co.).

#### b. The Lanham Act.

The principle of these cases is now incorporated in the Lanham Act (15 U.S.C. § 1051 et seq.), which became effective in July 1947, after the judgment in the District Court and prior to the taking of this appeal. It prohibits registration as a trademark of a mark

“which so resembles . . . a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant to cause confusion or mistake or to deceive the purchasers . . .”. 15 U.S.C. § 1052(d). Even though “Safeway” is not appellant’s “name” within the literal language of the old statute, it is plainly appellant’s “trade name” within the express language of the Lanham Act. It has been observed that the change in wording of the statute broadens the substantive limitations on registration where confusion may result:

“The concept of confusion has been freed from the limitations of the Act of 1905 and is much broader under the new Act. Confusion no longer relates solely to the confusion of goods or businesses, or the relations between goods or businesses. We may now refer not only to this ‘relative’ confusion, but also to a concept of absolute confusion, one that arises out of the use of an established mark by another in connection with a business entirely alien to that of the trademark owner. Thus, we may find that the public is confused with respect to the nature of a mark, when its use provokes doubt as to whether the mark is still a valid mark, whether it has lost its distinctiveness as such, or whether it has begun the journey toward becoming generic. And it seems obvious that one who starts the mark on that journey, unless he is the owner of the mark, should be restrained. Confusion will, of course, be at an end once the destructive forces have succeeded in transmuting the mark into a truly generic term. But confusion will doubtless result

during the period of the transition. Under the new Act, the owner of the mark will be in a position to sterilize such a development in its incipency. And this is only logical. The law presently threatens the trade-mark owner with cancellation of his registration if he allows the mark to lose its distinctiveness. Conversely, he should be armed with a weapon by which he can prevent that debilitating development." 2 *Callman, Unfair Competition and Trade Marks*, 1947 Supp. p. 50.

Thus, even though the judgment of the District Court may be said to have been proper as made under the somewhat narrower statute in effect prior to the effective date of the Lanham Act, the broader principles of the Lanham Act should be applied to this appeal. Even though—as the District Judge held—the public may not be confused into thinking that Safe Way Toilet Seat Covers are sponsored by or identified with appellant, Safeway Stores, Incorporated, at the very least the public will be lead to believe by the continuing encroachment on the name by appellee and others that it is not identified with appellant, Safeway Stores, Incorporated, and the public will be confused even in appellant's own use of the name as to whether it identifies appellant.

The Lanham Act is expressly made applicable to appeals pending on its effective date (Section 47(b) set out in Note to 15 U.S.C.A. 1051). Plainly, it must be held applicable to this appeal which was taken after its effective date.



- c. It is significant that appellee's attempted appropriation is of a single word in appellant's name, which word has, itself, come to mean appellant to the public.

In the *Simplex* case, supra,<sup>p. 29</sup> the Court recognized that regardless of dissimilarity of product, protection would be afforded under the name clause in "instances where a single word in the corporate name has become so identified with the particular corporation that whenever used it designates to the mind of the public that particular corporation." 269 U. S. at 382-3. As noted above, this factor was given great emphasis in the *R. C. A.*, *Duro* and *Esquire* cases. Safeway Stores, Incorporated "has come to be widely known merely as 'Safeway'; in fact, it has almost invariably used that word, alone, as its name. And while it may not be as universally recognized as is Radio Corporation of America, its customers constitute a very considerable portion of the American public." (Opinion, Assistant Commissioner of Patents.) "The evidence without dispute shows that the general public identifies these stores under the name 'Safeway'" (Findings, District Judge, Tr. 42).

- d. It is significant that the word "Safeway" is the only distinctive portion of appellant's corporate name, the remainder, i.e., "Stores" and "Incorporated" being nondescript and not distinctive.

The cases have sensibly recognized that this factor, too, is important as showing the likelihood of public confusion. *Holly Molding Devices v. Esquire, Inc.*, 148 F. (2d) 355, C.C.P.A. 1945; *Beechnut Cereal Co. v. Beech-Nut Packing Co.*, 273 F. 367, App. D. C. 1921; *Asbestone Co. v. Philip Carey Manufacturing*

*Co.*, 41 App. D. C. 507; *The Fyr-Fyter Co. v. William L. Barrell Co.*, 475 O. G. 688, 32 U.S.P.Q. 260; *White Cap v. Allied Stores Corporation*, 41 U.S.P.Q. 554; *Ex parte The American Thermos Bottle Company*, 4 U.S.P.Q. 326.

These cases recognize that those words in a name which are nondescript such as "company", "incorporated", "limited", "packing", and (we submit) "stores" are to be disregarded in determining what is the corporate name within the meaning of the statute. Thus, "Beech-Nut" is the name of the Beech-Nut Packing Company and "Esquire" was held to be the name of Esquire, Inc. Similarly, "Safeway" is the name of Safeway Stores, Incorporated.

We submit that, independently of the Patent Office decisions which should be followed, there is a great likelihood of public confusion if both appellant and appellee continue to use the name, "Safeway", and that the Patent Office should not be required to register it as a trademark for appellee's paper toilet seat covers. This conclusion must be reached under the law in effect when the case was decided below, and, even more certainly, under the Lanham Act.

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3. THE DISTRICT JUDGE ERRED IN DENYING APPELLANT INJUNCTIVE RELIEF AGAINST APPELLEE'S USE OF THE NAME "SAFE WAY".

a. Application of law of unfair competition.

Appellant is entitled on its counterclaim to injunctive relief against appellee's continued use of the

name "Safe Way" on the principles of the law of unfair competition closely related to those discussed above under the Federal Trademark Act.

(1) The test is likelihood of confusion.

This principle, as here applicable, has been recently re-stated by this Court in *Stork Restaurant, Inc. v. N. Sahati, et al.*, C.C.A. 9 (2/18/48) 165 F. 2d .....:

"We reach now what is perhaps the controlling principle in the instant case—that of 'confusion of source', with its corollary, 'dilution of good-will'."

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"In a situation where there is no direct competition between the parties, confusion of source may be defined as a misleading of the public by the imitation of 'An attractive, reputable trade-mark or trade-name . . . not for the purpose of diverting trade from the person having the trade-mark or trade name to the imitator, but rather for the purpose of securing for the imitator's goods some of the good-will, advertising and sales stimulation of the trade-mark or trade name.' Restatement, *id.*, at page 597.

" 'One's interest in a trade-mark or trade name came to be protected, therefore, not only on competing goods, but on goods so related in the market to those on which the trade-mark or trade name is used that the good or ill repute of the one type of goods is likely to be visited upon the other. Thus one's interest in a trade-mark or trade name is protected against being subjected to the hazards of another's business.' " Restatement, *id.*, at pages 597-598.

The doctrine is well recognized in California. In the motion picture case, *supra*, 15 C. (2d) at page 689, the Supreme Court of the State said:

“The decisions of the courts for the most part are concerned with the principles applicable to infringement and unfair competition in respect to businesses which are directly competitive. But we perceive no distinction which, as a matter of law, should be made because of the fact that the plaintiff and the defendant are engaged in non-competing businesses. In situations involving the use of proper surnames in non-competitive businesses it has been held that *where confusion was shown as likely to result the relief should be accorded to the complaining party*. [Cases cited.] Likewise it has been said that “without regard as to whether there is actual market competition between the parties for the same trade, it is sufficient if the unfair practices of the one will injure the other”.’ [Emphasis supplied.]”

This principle has been applied by many authorities to enjoin use of name or mark by various types of businesses where public confusion may result. Thus A. & P. groceries have been protected against A. & P. dyers and cleaners (*Great Atlantic & Pacific Tea Co. v. A. & P. Cleaners & Dyers, Inc.*, 10 F. Supp. 450, W.D. Pa. 1934), and against A. & P. radios, washing machines, and electric refrigerators (*Great Atlantic & Pacific Tea Co. v. A. & P. Radio Stores, Inc.*, 20 F. Supp. 703, E.D. Pa. 1937); Yale keys and locks have been protected against Yale flash lights and flash light batteries (*Yale Electric Corporation v.*

*Robertson*, 26 F. (2d) 972, C.C.A. 2, 1928); Rolls Royce automobiles against Rolls Royce radio tubes (*Wall v. Rolls Royce of America*, 4 F. (2d) 333, 334, C.C.A. 3, 1925); Tiffany's jewelry store against Tiffany motion picture theatre (*Tiffany & Co. v. Tiffany Productions*, 264 N.Y.S. 459, 147 Misc. 679, 1932, aff'd 260 N.Y.S. 821, 237 App. Div. 801, 1932; aff'd 188 N. E. 30, 262 N. Y. 482, 1933); Dunhill smoking pipes against Dunhill shirts (*Alfred Dunhill of London v. Dunhill Shirt Shop*, 3 F. Supp. 487, S.D.N.Y. 1929); Vogue fashion magazine against Vogue hats (*Vogue Co. v. Thompson-Hudson*, 300 F. 509, C.C.A. 6, 1924); rehearing den. 12 F. (2d) 991, 1926; cert. den. 273 U. S. 701, 71 L. Ed. 850, 47 S. Ct. 98, 1926); see also *Hanson v. Triangle Publications*, 163 F. (2d) 74; Life Magazine against Movie Life Magazine (*Time, Inc. v. Barshay*, 27 F. Supp. 870, S.D.N.Y.); Academy motion picture industry institution against Academy drama school (*Academy of Motion Picture Arts and Sciences v. Benson*, 15 C. (2d) 685, 1940).

Other cases have protected retailer against wholesaler (*Jackman v. Mau*, 78 C. A. (2d) 234, 177 P. (2d) 599, 1947; *Fishel & Sons, Inc. v. Distinctive Jewelry Co.*, 188 N.Y.S. 633, 196 App. Div. 779, 1921; *British-American Tobacco Company, Ltd. v. British American Cigar Stores Co.*, 211 F. 933, C.C.A. 2, 1914; *Coca-Cola v. Brown & Allen*, 274 F. 481, D.C. 1921; *Horlick's Malted Milk Corp. v. Horluck's, Inc.*, 59 F. (2d) 13, C.C.A. 9, 1932; *Riggs Optical Co. v. Riggs*, 132 Nebr. 26, 270 N.W. 667, 1937; *Soft-Lite Lens Co. v. Ritholz*, 301 Ill. App. 100, 21 N.E. (2d)



835; *Folmer Graflex Corp. v. Graphic Photo Service*, 35 F. Supp. 963, D.C. Mass. 1940; newspaper against bicycles (*Walter v. Ashton*, L. R. (1902) 2 Ch. 272); Magazine "Time" against cereal (*Time v. Viobin*, 40 F. Supp. 249, E.D. Ill. 1941); radio station WOR against printer (*Bamberger v. Orloff*, 44 F. Supp. 904 S.D. N.Y. 1942); meat packer against automobile tires (*Armour & Co. v. Master Tire & Rubber Co.*, 34 F. (2d) 201, S.D. Ohio 1925); trading posts buying raw furs from trappers against retail furrier (*Phillips v. The Governor & Co. of Adventurers of England Trading into Hudson's Bay*, 79 F. (2d) 971, C.C.A. 9, 1935).

The toilet tissue, sanitary napkins and other paper products of appellant are far more closely related to appellee's seat covers than were the groceries to the dyers and cleaners, the automobiles to the radio tubes, the jewelry store to the motion picture theatre, the smoking pipes to the shirts, the fashion magazine to the hats, the motion picture industry institute to the drama school, the retailers to the wholesalers, the newspaper to the bicycles, the magazine to the cereal, the radio station to the printer, and the meat company to the automobile tires involved in the cases cited above. Likelihood of confusion is great.

The foregoing analysis is supported, too, by the authorities discussed above under the Federal Trade-mark Act; for those authorities, too, have applied that Act in pursuance of principles of unfair competition. *American Steel Foundries v. Robertson*, 269 U. S. 372, 70 L. Ed. 317, 46 S. Ct. 160, 1926, *supra*; *Yale*



*Electric Corporation v. Robertson*, 26 F. (2d) 972, C.C.A. 2, 1928, *supra*. For reasons fundamentally the same, appellee should be allowed neither to register, nor to use appellant's name.

(2) Competition is not the test.

It is conclusively established by the foregoing cases that there need be no competition between the parties. Particularly is this true in the Ninth Circuit and in California. "For this reason whatever may be the rule in other circuits, the rule declared by our Ninth Circuit Court of Appeals is that competition is not necessary." Yankwich, J. in *Brooks Bros. v. Brooks Clothing of California, Ltd.*, 60 F. Supp. 442, 451, S.D. Cal. 1945, citing *Del Monte Special Food Co. v. California Packing Corp.*, 34 F. (2d) 774, C.C.A. 9, 1929; *Horlick's Malted Milk Corp. v. Horluck's, Inc.*, 59 F. (2d) 13, C.C.A. 9, 1932, *supra*; and *Phillips v. The Governor & Co. of Adventurers of England Trading into Hudson's Bay*, 79 F. (2d) 971, C.C.A. 9, 1935, *supra*; *Academy of Motion Picture Arts and Sciences v. Benson*, 15 C. (2d) 685, 104 P. (2d) 650, 1940, *supra*.

Thus, even though this Court should disregard, as did the District Judge, the suitability for retail sale by appellee of toilet seat covers and hold the product non-competitive with appellant's products, relief must still be granted appellant.

(3) There is a close relationship of product and business.

Both appellant and appellee are manufacturers, and both deal in disposable paper products used as an aid

in personal hygiene, dispensed from a container supplier to the general public gratis in public lavatories and for a price at stores. That the general public may acquire appellee's particular product from self service containers in public lavatories and appellant's products from shelves in self service stores is immaterial as shown by the numerous cases granting relief to persons in one branch of an industry against those in another branch. See the *Vogue*, *Triangle*, *Academy* and wholesaler-retailer cases discussed above.

Likelihood of confusion of source in the case at bar becomes yet more apparent when there is recalled appellant's manifold and variegated activities including, in addition to the conduct of retail stores, the handling of a wide assortment of commodities from razor blades to oyster pails, vast manufacturing, packing, canning and distributing activities, relating to many products. It will be obvious to the Court that to conduct this business, appellant must engage in many other and dissimilar fields as, for example, extensive real estate operations in connection with the purchase, sale and rental of store and plant facilities. How easy for the undiscerning public (*supra*, p. 26) to be mislead by appellee's use of the name "Safe Way."

Pertinent here is the recent decision of Judge Weinberger in *Safeway Stores, Inc. v. Safeway Construction Co., Inc.*, 74 F. Supp. 455, S. D. Cal. November, 1948, granting injunctive relief to this appellant against the use of the name "Safeway" by the defendant engaged in the construction business. The

Court recognized that in the course of its manifold activities appellant necessarily engaged in large scale construction activities. Concerning the meaning and value of the name he stated, at page 456:

“It appears to us from the evidence that the name ‘Safeway’ has become generally known, at least in California, to refer to plaintiff and its store and related activities and has acquired such a secondary meaning as to become associated by the public generally with plaintiff and its business; that plaintiff and its business are well and favorably known to the public and plaintiff has built up an extremely valuable good will for itself and its business and the name ‘Safeway’ with the general public.”

**(4) Appellant’s advertising.**

In determining the protection to be afforded to a name, the Courts have given effect to the significance that a name has acquired as a result of the first user’s expenditure of time, money and effort. This point is fully developed in the *Stork* case, 165 F. (2d) ....., C. C. A. 9, Feb. 18, 1948. It is doubtful that a case can be found in which a name has been more thoroughly publicized than has appellant’s. In the very nature of its business it constantly brings its trade name to the attention of the public by continuous and repeated advertisements, by display signs in its stores and by use of all other advertising media.

**(5) Fanciful character of appellant’s name.**

Also emphasized in the *Stork* case is the importance to be attached to the fanciful character of the name.

The name "Safeway" is a fanciful coined name not found in the dictionary. While the component words themselves are commonplace as is the word "Stork," "Vogue," "Academy," "Seventeen," "Time" and the many other names that have been protected, as a result of appellant's efforts, the name "Safeway" as applied to appellant has acquired a secondary significance of the strongest character, which was fully recognized by the District Judge (Tr. 37).

(6) Difference in size of parties is immaterial.

It is settled that "a disparity in size of business will not bar injunctive relief." *Stork Restaurant, Inc. v. N. Sahati*, C.C.A. 9, February 8, 1948, *supra*, 165 F. (2d) ..... As stated in *Philadelphia Storage Battery Co. v. Mindlin* (1937), 163 Misc. 52, 296 N.Y.S. 176, 181-182:

"The fear is sometimes expressed that the extension of protection may foster monopoly, not merely of language but of trade. The fear is groundless. He who coins a trade symbol adds rather than detracts from the language. Even when a term in a dictionary is used in an arbitrary manner, the language is not impoverished. The term may still be used in its accepted sense; what equity prevents is the appropriation of the new layers of meaning that have been added by the plaintiff. The rights of the first user can be sustained to the extent that they do not unduly handicap others in the honest conduct of their business. New competition and enterprise 'must not be throttled, but the late comer should be compelled to rely upon his own ingenuity, rather

than misrepresentation and misappropriation for the creation of his market. This much at least is demanded by the most elementary notions of honesty.' Handler, Unfair Competition, 21 Iowa Law Review, 175, 186. Blatant imitation should not be recognized by the judicial condonation of practices which violate the fundamental precepts of fair business dealing."

In defending this suit appellant seeks no monopoly nor does it seek to prevent or restrict in any way Dunnell's legitimate operations. "The owner of a trademark may not, like the proprietor of the patent invention, make a negative and merely prohibitive use of it as a monopoly . . . In truth a trademark confers no monopoly whatever in a proper sense . . ." Mr. Justice Pitney in *United Drug Co. v. Rectanus*, 248 U. S. 90, 97-98, 39 S. Ct. 48, 63 L. Ed. 141, 1918.

**b. Weight to be given to the findings of the District Court.**

The great bulk of the evidence before the District Judge consisted of the Patent Office record which was entirely in the form of documents, physical exhibits and depositions. In the *Stork* case, the Court stated, "in so far as such testimony is concerned, it is well settled that in an equity case 'the reviewing Court gives slight weight to the findings,' citing *Equitable Life Assurance Society v. Irelan*, C. C. A. 9, 123 F. (2d) 462, 464."

- c. The authorities show that the dissimilarities emphasized by the district judge do not dispel the likelihood of public confusion.

Heretofore (point 1. c.) we showed that factually the difference in method of distribution and the gratuitous character of the distribution in public lavatories has no bearing on the likelihood of confusion. We here point out that this view is fully supported by the authorities.

(1) Method of distribution.

That the public receives appellee's "Safe Way" paper product as a service rather than as merchandise in a store is shown to be immaterial by the *Tiffany* case, which protected a jewelry store from confusion resulting from the application of the name "Tiffany" to a service (entertainment) enterprise (motion picture theatre). *Tiffany & Co. v. Tiffany Productions*, 264 N. Y. S. 459, 147 Misc. 679 (1932) aff'd 260 N. Y. S. 821, 237 App. Div. 801 (1932), aff'd 188 N. E. 30, 262 N. Y. 482 (1933). Similarly, in *Great Atlantic & Pacific Tea Co. v. A. & P. Cleaners & Dyers, Inc.*, 10 F. Supp. 450, W. D. Pa. (1934), a food and household goods enterprise, similar to appellant, was protected against the adoption of the name "A & P" by a service establishment, a dyeing and cleaning concern, conducting a business unrelated to the grocery business. Again, in *Socony-Vacuum Oil Co. v. Lafariere*, 48 N. Y. S. (2d) 421 (1944), approvingly noted in the *Stork Club* case Socony-Vacuum selling only oil products was granted injunctive relief against the use of the term "standard" by one engaged in repairing and servicing



oil burners. Plainly, the authorities are not concerned that the name is appropriated for a service rather than a product.

(2) Distribution at wholesale.

Nor can a distinction be based, as suggested by the District Court's language, upon the circumstance that appellee is a wholesaler in the sense that he does not, himself, distribute the goods to the general public and that appellant's business is mainly that of a retailer. It is established beyond doubt that protection of a name will not be denied because one of the parties is a retailer and the other a wholesaler. *Jackman v. Mau*, 78 C. A. (2d) 234 (1947), 177 P. (2d) 599; *Fishel & Sons, Inc. v. Distinctive Jewelry Co.*, 188 N. Y. S. 633, 196 App. Div. 779, 1921; *British-American Tobacco Company, Ltd. v. British American Cigar Stores Co.*, 211 F. 933, C. C. A. 2, 1914; *Coca-Cola v. Brown & Allen*, 274 F. 481, D. C. 1921; *Horlick's Malted Milk Corp. v. Horluck's, Inc.*, 59 F. (2d) 13, C. C. A. 9, 1932; *Riggs Optical Co. v. Riggs*, 132 Nebr. 26, 270 N. W. 667, 1937; *Soft-Lite Lens Co. v. Ritholz*, 301 Ill. App. 100, 21 N.E. (2d) 835; *Folmer Graflex Corp. v. Graphic Photo Service*, 35 F. Supp. 963, D. C. Mass. 1940.

The unimportance of this difference in function performed in the industry, is perhaps best illustrated by the magazine and moving picture cases. Thus the names of fashion magazines, "Vogue" and "Seventeen," engaged in promoting and advertising women's and girls' clothing, may not be used as trademarks for these articles. In the moving picture case, the name

"Academy," of a moving picture institution, engaged in non-profit activities promoting the entire industry, was protected against a small and insignificant drama school.

(3) Element of gratuity.

The circumstance stressed by the District Judge that appellee's product is distributed to the general public gratis, is of no significance. In the *Academy* case (15 C. (2d) 685, 104 P. (2d) 650, 1940) the controversy was between a nonprofit institution and a commercial enterprise. In *Law v. Crist*, 41 C. A. (2d) 862, 107 P. (2d) 953 (1940), the controversy was between two religious organizations.

(4) Descriptiveness of appellee's use of name.

The authorities show that this factor also is immaterial. Thus, "Vogue" was descriptive of the hats, "Duro" the wall board, "Academy" of the drama school, "RCA" of the Rayon Corporation of America. Neither the authorities nor reason (*supra*, point 1. c.) affords basis for a distinction based upon descriptiveness. Whether descriptive or not, Dunnell wishes to use "Safe Way" as a name or mark to identify his goods.

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### CONCLUSION.

In the light of the authorities, the decisions in the Patent Office, appellant's priority of use, the admitted secondary meaning of the name "Safe Way," and the similarity of product and business, the decision in

the District Court denying appellant control and protection of its own name and reputation is patently wrong. Moreover, the same result must be reached as a matter of common sense and entirely apart from precedent and analytical refinement. It is clear that the undiscerning public which associates the name "Safeway" with appellant in relation to a wide variety of goods, including paper toilet products, is likely to be confused if appellee uses the name "Safe Way" for his paper toilet product.

In defending this suit appellant seeks merely to retain control of its name and responsibility for its reputation. Surely this is a salutary objective; it is to the public interest to know what and whom "Safeway" means; it is to the public interest that plaintiff and defendant should each be free to build their own reputations. Appellant's name and reputation are of the greatest importance to it.

While appellee's infringement is small in itself, if it be allowed the door will be opened thereby to others.

The language of the Court in the *Stork* case is apt here.

"The appellant is not here seeking to have appellees mulcted in damages, nor is it striving to drive them out of business. It asks merely that its adversaries be compelled to desist from an unfair trade practice that threatens to 'nibble away,' 'whittle away,' or 'dilute' the value of its dearly-bought prestige.

"The appellant begs that the appellees with an 'infinity' of other names to choose from, divest themselves of plumage borrowed from the *Stork*.

“In a word, the appellant is making a plea peculiarly calculated to move the conscience of a chancellor. It prays not for a sword, but for a shield.” *Stork Restaurant, Inc. v. N. Sahati, et al.*, C. C. A. 9, 2-18-48.

With countless names to choose from it is submitted that both law and good morals require that appellee be not allowed to register or use as a trademark the name “Safe Way” which means appellant, and which appellant has built up by its dealing with the public over a period of many years.

Dated, San Francisco,

March 31, 1948.

Respectfully submitted,

MITCHELL T. NEFF,

WILLARD S. JOHNSTON,

ORRICK, DAHLQUIST, NEFF,

BROWN & HERRINGTON,

*Attorneys for Appellant.*

(Appendix Follows.)

## **Appendix.**





## Appendix

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Final Hearing  
April 25, 1945

HSM:LG

### IN THE United States Patent Office

Opposition No. 23,281

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Safeway Stores, Incorporated,

v.

Dunnell

Application No. 453,099, Filed May 19, 1942

Published March 21, 1944

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Toilet Seat Covers

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Messrs. Mida, Richards & Murray for Safeway  
Stores, Incorporated.

Mr. Joseph F. Westall, and Messrs. Joseph W. Milburn and John R. Milburn for Warren W. Dunnell.

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This is an opposition in which each of the parties has taken testimony and filed a brief. Only the opposer was represented at final hearing.

The allegations contained in the notice of opposition relate to only the name clause of section 5 of the Act

as a statutory ground for negating the right of registration claimed by the applicant.

Applicant seeks registration of the composite mark consisting of the notation "SAFEWAY" in a generally rectangular border together with a pictorial representation of a seat cover. The mark is applied to toilet seat covers and the representation of the goods is disclaimed apart from the mark.

It appears from opposer's testimony that opposer was incorporated under the name of Safeway Stores, Incorporated, on March 24, 1926. At first opposer sold no goods itself but the operations of the various grocery stores for the Safeway organization were carried on by subsidiaries wholly owned by the opposer. In August, 1941, operations were started in New York and New Jersey, and these were conducted by the opposer rather than through a subsidiary as had formerly been the case. Likewise in 1941 the business in the State of Utah was transferred to and operated by the opposer. Operations in Oklahoma and Arkansas were likewise transferred to the opposer shortly after the acquisition of the assets of the Utah business. Finally, on December 31, 1942, all of the business of the former subsidiaries was taken over by opposer and the entire operation of the various Safeway Stores has since been conducted solely by opposer. It appears, therefore, that prior to May 19, 1942, the date of filing of applicant's application herein, opposer was incorporated under the name of Safeway Stores, Incorporated, and was operating various grocery stores. This is deemed sufficient to entitle opposer

to intervene herein under the name clause without regard of any question of priority of use that might be raised. *Ariston, Inc., v. Michel & Pfeffer Iron Works, Inc.*, 566 O. G. 520; 166 Ms. Dec. 588; 62 U. S. P. Q. 503.

It is applicant's contention that opposer is not entitled to intervene herein by reason of laches. Applicant's testimony indicates that it adopted and has continuously used the notation "SAFEWAY" on toilet seat covers since 1933. Applicant urges that inasmuch as opposer has failed to protest against applicant's long use of this mark it is now barred from relief herein.

The validity of this contention is not apparent to the examiner. This proceeding is solely on the statutory question of applicant's right of registration and does not involve the question of its right of use. Obviously, opposer could not file an opposition to registration of a trade-mark until application for such registration had first been made. Opposer herein filed its opposition within the thirty-day period provided by the statute and that is all that is deemed to be necessary. Indeed, it has been held that even where an opposer has agreed that an applicant may use a mark such opposer is nevertheless not estopped to oppose registration of such mark. *Skookum Packers Association v. Pacific Northwest Can Company*, 403 O. G. 515, 18 C.C.P.A. 792, 45 Fed. (2d) 912.

In the present instance opposer's corporate name is Safeway Stores, Incorporated. Obviously, there-

fore, applicant's notation "SAFEWAY" is not a complete appropriation of such corporate name. In such cases the question to be determined involves consideration of whether under the facts confusion of persons is likely to occur. *American Steel Foundries v. Robertson*, 342 O. G. 711, 269 U. S. 372.

In the present instance applicant points out that the notation "SAFEWAY" is of common use in the language and that it forms the subject matter of several registrations issued to other parties. It is applicant's contention, therefore, that this word in and of itself cannot designate merely opposer, and that hence no confusion between the parties would be likely to occur.

The examiner would be inclined to agree with this contention if it were not for the fact that the goods dealt in by the parties are of such a similar nature. Opposer in its grocery stores sells various paper products such as toilet tissue, paper towels, and paper napkins. True, opposer does not sell toilet seat covers. However, it seems to the examiner that such products are very closely related to the paper products which opposer does sell and that the average consumer might reasonably suppose that a paper toilet seat cover sold under the notation "SAFEWAY" was sponsored and sold by the opposer. Indeed, it appears that applicant himself is of the opinion that his toilet seat covers might be readily carried and sold by opposer since he has approached opposer in an effort to have opposer sell his goods. Considering all the facts involved

herein, therefore, it is the examiner's opinion that in view of the nature of the goods confusion of persons and reputations is reasonably likely.

Accordingly, the notice of opposition is sustained, and it is further adjudged that applicant is not entitled to the registration for which he has made application.

Limit of appeal: June 9, 1945.

A. D. Bailey

Examiner of Interferences,  
Room 1310.

May 10, 1945.

Hearing:  
January 23, 1946

*In the United States Patent Office*

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Safeway Stores, Incorporated

v.

Warren W. Dunnell

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Appeal from Examiner of Interferences.

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Opposition No. 23,281 to registration of trade-mark of Warren W. Dunnell for toilet seat covers, application filed May 19, 1942, Serial No. 453,099, published March 21, 1944.

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Mida, Richards & Murray for Safeway Stores, Incorporated.

Joseph F. Westall and Joseph W. Milburn and John R. Milburn for Warren W. Dunnell.

This is an appeal from the decision of the examiner of interferences sustaining the opposition of Safeway Stores, Incorporated, to the application of Warren W. Dunnell for registration of a trade mark for "toilet seat covers".

Applicant's mark is essentially the notation "Safe Way". The opposition was sustained on the ground



that the mark constitutes a substantial appropriation of opposer's corporate name.

In *Safeway Stores, Incorporated v. Safeway Opticians, Inc.*, 584 O. G. 498, 69 U. S. P. Q. 332, decided since the appeal in the instant case was argued, I found that:

Op. 23,281

"While 'Safeway' is not opposer's complete corporate name, it has nevertheless become so identified with opposer that it designates opposer to the mind of the public in the same manner, albeit to be a lesser degree, as do the letters 'RCA' designate Radio Corporation of America."

Accordingly, on authority of *Radio Corporation of America v. Rayon Corporation of America*, 31 C.C. P.A. 808, 139 Fed. (2d) 833, I hold the word non-registrable. And if "Safeway" is nonregistrable, so of course is "Safe Way". *White Cap Co. v. Allied Stores Corporation*, 503 O. G. 870, 41 U.S.P.Q. 554.

As stated in the *Safeway Opticians* case, and as shown by the evidence here:

"Opposer operates a chain of more than two thousand grocery stores, which are scattered through half the States of the Union. In them it sells not only groceries, but all such more or less related items as the public demands. It has been in business for many years, and has come to be widely known merely as 'Safeway'. In fact, it has almost invariably used that word alone as its name. And while it may not be as universally recognized as is Radio Corporation of America,

its customers constitute a very considerable portion of the American public”.

In that case, as in this, opposer was not dealing in the particular merchandise for which registration was sought; but that fact was held to be immaterial. Moreover, as pointed out by the examiner of interferences, opposer does sell such paper products as toilet tissue and paper towels, which are clearly of the same descriptive properties as applicant's paper toilet seat covers.

Applicant has been using his mark since the fall of 1933, and his sales have steadily increased. He thus argues that because opposer must have had knowledge of such use, it is estopped by laches to maintain this proceeding. Referring to the examiner's observation that “opposer could not file an opposition to registration of a trade mark until application for such registration had first been made,” applicant says:

“Certainly opposer could not file an opposition until applicant requested registration, but during the many years during which applicant had maintained an impregnable title to the name ‘Safe Way’ as applied to toilet seat covers, if opposer had been injured in any way, opposer should have instituted an unfair competition suit.”

But surely its failure to sue did not deprive opposer of the statutory right to oppose the registration of its name as a trade mark. Presumably, opposer did not object to applicant's use of the mark but the proposed registration of its name as a trade mark.

Presumably, opposer did not object to applicant's use of the mark; but the proposed registration would be prima facie evidence of applicant's exclusive ownership of the term "Safe Way", not only as applied to toilet seat covers, but as applied to all other goods of the same class. It seems to me that if there has been laches, applicant is the guilty party. If he intended to register his trade mark he should have done so, as he might have done, before the word "Safe-way", through extensive advertising, had come to be regarded by the public as merely opposer's corporation name.

The decision of the examiner of interferences is affirmed.

First Assistant Commissioner.

April 24, 1946.

